

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 19 July 2022 commencing at 10.00 am.

Present: Councillor John McNeill (Chairman)

Councillor Stephen Bunney
Councillor Mrs Tracey Coulson
Councillor Christopher Darcel
Councillor Mrs Caralyne Grimble
Councillor Mrs Angela White
Alison Adams
Andrew Morriss

In Attendance:

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| Emma Foy | Director of Corporate Services and Section 151 Officer |
| Lucy Pledge | Head of Audit & Risk Management, Lincolnshire County Council |
| Natalie Kostiuk | Customer Experience Officer |
| Alastair Simson | Principal Auditor, Lincolnshire County Council |
| Katie Storr | Democratic Services & Elections Team Manager |
| Andrew Warnes | Democratic and Civic Officer |

Also in Attendance: Councillor Susan Waring, Chairman of the Audit Committee, North Kesteven District Council (Visiting).

Apologies: Councillor Mrs Jackie Brockway (Vice-Chairman)

Membership: No Members were substituted.

9 PUBLIC PARTICIPATION PERIOD

There was no public participation.

10 MINUTES OF PREVIOUS MEETING

RESOLVED that the Minutes of the previous Meeting of the Governance and Audit Committee held on 14 June 2022 be approved and signed as a correct record.

11 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interests made at this point in the meeting.

12 MATTERS ARISING SCHEDULE

With no comment, the Matters Arising Schedule was duly **NOTED**.

13 UNAUDITED STATEMENT OF ACCOUNTS 2021-22

The Committee were presented with the Unaudited Statement of Accounts for Scrutiny. The Accounts had been approved for issue by the S151 Officer on 11 July 2021 to the Auditor, Mazars, prior to the statutory deadline of 31 July 2022 for consideration and review. These were to be published on 25 July and available until 5 September for public inspection.

The Committee was responsible for the approval of the Statement of Accounts and any material amendments of the accounts recommended by the external auditors.

The Audited Statement of Accounts would therefore be presented to the Committee again on 29 November 2022 after the audit process. The Unaudited Statement of Accounts for 2021/22 had been prepared under the International Financial Reporting Standards based Code of Practice on Local Authority Accounting (the Code). Members noted that extended deadlines again applied as they had the previous year, with the unaudited accounts having to be published on or before 31 July 2022. Audited accounts must be published by 30 November 2022.

Members of the Governance and Audit Committee would be provided with specific training on the Statement of Accounts, as required by the Constitution, a few days prior to the relevant Committee Meeting.

Debate ensued, and Members referenced the balance sheets. Arising from comments that the financial situation was not as strong, Members sought assurance as to whether collection rates would remain high. Further assurance was sought that the External Auditors would meet the target given last year's experience.

In responding, the Section 151 Officer advised she was liaising closely with the External Auditors, holding more regular meetings, and of the roles, she had to ensure Audit queries, working papers and other queries were responded to and provided quickly. The Officer also stressed that there were controls in place when such issues arose, and these were summarised to the Committee. Regarding collection rate security, Council Tax Rebate, Energy Support Schemes and a large number of residents on direct debits provided some level of protection. Members were advised that a report was due for consideration at the next Corporate Policy and Resources Committee setting out the financial pressures.

Responding to a query on the acceptable level of depleting reserves, the Section 151 Officer indicated reserves were currently in excess of twice the minimum level and that the current status of the Council would see the Authority through to 2023/24 in the worst-case scenario, using the uncertainty of Central Government funding, but through to 2025/26 on earmarked reserves.

In explaining the planned dip in business rates, Members learnt that a re-basing exercise was expected and how this affected income temporarily for the year in which the re-basing was conducted.

Regarding the pension liability, the Section 151 Officer stated that the liability was based on a theoretical position of having to pay all the pensions at once. The Officer asserted that the chances of doing so were low. Members heard that if there were a huge reduction in the value of investments, there would likely be an increase in pension liability. The Officer also stated that she could not confirm whether the Government would assist with pension liabilities.

In answering a set of questions on fair valuations, Members heard the valuation cost reflected the price the asset would achieve but did not include costs of sale. Fair valuations were sought from a variety of organisations dependent on the asset being valued, but all were subject to national regulation and professional code of practice. Additionally, all valuations received accreditation from the Auditor.

On a query about cash-flow reductions in the current accounts, the Section 151 Officer explained that these were short-term deposits in order to gain interest on the value of the money.

In responding to Members' comments regarding budget smoothing, and previous practices, the new Section 151 Officer indicated her biggest objective was to demystify local government finances and accounting and to increase understandability and accountability.

Having been moved and, seconded, on being put to the vote it was unanimously

RESOLVED that having had the opportunity to review the Unaudited Statement of Accounts there are no comments from the Committee which need to be referred to the Section 151 Officer for subsequent discussion with the Council's External Auditors, Mazars.

14 INTERNAL AUDIT ANNUAL REPORT 2021/2022

Members gave consideration to the Internal Audit Annual Report 2021/22. The report aimed to provide a summary of the audit work undertaken over the past year. The report included an opinion on the overall adequacy of and effectiveness of the governance framework and internal control system and the extent to which the Council could rely on it. The report further advised on how the plan was discharged and of overall outcomes of the work undertaken. Finally, it drew attention Members' attention to any issues particularly relevant to the Annual Governance Statement.

Key messages highlighted to the Committee included the Auditor's overall opinion. For the twelve months ended 31 March 2022, the Council's arrangements for governance, risk management and control framework continued to be strong.

In presenting the report, the Auditor advised that it had been another challenging year for the Council – responding, supporting and recovering from the pandemic. Its systems and processes had operated effectively during this time, both remotely and more recently in a hybrid way, with staff working at home and in the office. The Auditor highlighted the continued level of high assurance but stated that remote working had elongated the auditing processes for several issues assessed.

Debate ensued, and Members congratulated the team for their work. In addition to the findings of the Annual Report, results showed that most services performed well, and only a few performed adequately.

In response to a query about the combined assurance and issues with communication between different departments, the Auditor stated that the Audit Team were adapting to working longer and flexibly in hybrid working. The Auditor was keen to stress the level of work, with the Section 151 Officer offering to take up any issues with communication. Responding to a comment about communication to Officers, the Chairman suggested that the recently published yearbook helped support Members' enquiries to the responsible Officers.

Having been moved and, seconded, on being put to the vote it was unanimously

RESOLVED that: -

- (a) having considered the Head of Audit's Annual Report and Opinion for 2021/2022 no further actions had been identified; and
- (b) the Annual Report and the Head of Internal Audit's opinion would be taken into account by the Committee, when considering the Council's Annual Governance Statement 2021/22.

15 DRAFT ANNUAL GOVERNANCE STATEMENT 2021-22

Members gave consideration to the report which presented the draft Annual Governance Statement for 2021/22. The Committee were asked to review its content and identify any additional issues they considered should be contained in the associated action plan, prior to receiving the final document for approval at its meeting on 29 November 2022.

Having reviewed the year; taken account of progress against the AGS 2020/21 action plan and having also considered recommendations made within various governance related reports/audits, the matters suggested for possible inclusion in the action plan were: -

- Loss of key staff – ensure that robust processes are fully documented, succession plans are in place where appropriate, identify activities which are overly reliant on one individual;
- Financial settlement – continue to update the MTFs as we gain greater certainty on the level of funding for future years;
- Prepare for all out elections in May 2023 – ensure robust election planning and deliver an effective Member induction plan;
- New finance system – ensure it is effective and compliant;
- Continue the review of corporate procurement procedures (carried forward from last year); and
- Continue the implementation of CIPFA FM Code requirements.

The 2020-21 Action Plan was attached in the report for review and sign off by the Committee.

Debate ensued, and Members drew attention to the financial settlement being lobbied for by the Council to Central Government. In response, the Director of Corporate Services advised that it would be a two-year settlement, with the Department for Levelling Up, Housing and Communities confirming this at the recent CIPFA conference. However, there were no guarantees when the Council would receive this.

In reply to a query about the new finance system, the Director stated that the new finance system had been implemented initially in February/March, with a few more modules left to implement. It was confirmed that continued support was provided from Technology One and AMS, in addition to the in-house team.

Having been moved and, seconded, on being put to the vote it was unanimously

RESOLVED that: -

- (a) having reviewed the draft Statement, no additional governance related matters be included in the draft statement; and
- (b) having reviewed the proposed set of issues, arising during the year and intended to form the Action Plan for 2021/22, they be agreed.

16 ANNUAL VOICE OF THE CUSTOMER REPORT 2021/22

Members considered the Annual Voice of the Customer Report, which summarised customer feedback from the year 2021/22 and analysed customer contact and the demand data.

2021/22 saw an increase in customer feedback and customer demand compared to the previous year. There had been an increase in the number of compliments received, a small decrease in the number of complaints received and a large increase in the number of comments received.

The average response time for complaints had increased slightly, but the number of upheld complaints had decreased. More information on learning from complaints was included in the report, along with examples of the different types of complaints received.

Customer satisfaction had decreased slightly compared to the previous year; for 2021/22, the satisfaction score for the main customer-facing services was 74%. Customer demand had increased throughout the year, and telephone and online methods continued to be the preferred method of contact, with over 90% of customers using those channels.

Although face-to-face contact was limited at the beginning of the 2021/22 period, it had increased towards the end with more people attending the Guildhall building; this had also been affected by the Job Centre Plus seeing more customers on an appointment basis. Overall customer contact and demand, and in particular the number of telephone calls received, increased dramatically from February to March 2022. The reasoning for this was outlined, including the new recycling service implementation, the start of the Green Garden Waste Period, and an increase in enquiries concerning the Household Support Fund, the Council Tax Energy Rebate and the war in Ukraine.

Following the increase in customer feedback received, the Customer Experience Officer benefited from extra resources during the 2021/22 period. A customer service officer had been assisting with the workload on a temporary basis, which was being assessed to make it into a permanent position.

Members noted the improved layout and the live case studies. Members noted the feedback as more transparent, and Members were aware of the issues surrounding the increase of cases due to the introduction of the purple lidded bins.

Having been proposed and seconded, upon taking the vote, it was unanimously

RESOLVED that: -

- (a) the contents of the Annual Voice of the Customer report be noted;
- (b) Members are assured that robust and effective measures are in place to improve the overall customer experience; and
- (c) the work of the Customer Experience Officer and the Councils 'right first time' approach be supported.

17 WORKPLAN

There was no comment or statements on the Workplan.

The Workplan as set out in the report was **NOTED**.

The meeting concluded at 11.07 am.

Chairman